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PART II—Section 2

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No. ३]

NEW DELHI, WEDNESDAY, MARCH 24, 1971/CAITRA 3, 1893

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 24th March, 1971:—

BILL No. 1 OF 1971

A Bill to continue for the financial year 1971-72 the existing rates of income-tax with certain modifications and to provide for the continuance of the provisions relating to special and regulatory duties of customs and excise and of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year.

Be it enacted by Parliament in the Twenty-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Finance Act, 1971.

Short title
and com-
mencement.

(2) Sections 2, 5 and 8 shall be deemed to have come into force on the 1st day of April, 1971.

Income-tax.

2. The provisions of section 2 of, and the First Schedule to, the Finance Act, 1970, shall apply in relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1971, as they apply in relation to income-tax for the assessment

year or, as the case may be, the financial year commencing on the 1st day of April, 1970, with the following modifications, namely:—

(a) in section 2,—

(i) for the figures "1970", wherever they occur, the figures "1971" shall be substituted;

(ii) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) In cases to which Chapter XII or section 164 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.;"

45 of 1961.

(iii) in sub-section (5), the following proviso shall be inserted at the end, namely:—

'Provided that in respect of any income chargeable to tax under section 164 of the Income-tax Act at the rate of sixty-five per cent., "advance tax" shall be computed at that rate.'

(b) in the First Schedule,—

(i) in Part I,—

(1) for Paragraph A, the following Paragraph shall be substituted, namely:—

"Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

| | | |
|---|--|----|
| (1) where the total income does not exceed Rs. 5,000 | Nil | 30 |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 | 10 per cent. of the amount by which the total income exceeds Rs. 5,000; | |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 | Rs. 500 plus 17 per cent. of the amount by which the total income exceeds Rs. 10,000; | |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,350 plus 23 per cent. of the amount by which the total income exceeds Rs. 15,000; | |
| (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,500 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000; | |

| | |
|---|---|
| (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 | Rs. 4,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000 | Rs. 6,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000; |
| (8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000 | Rs. 11,000 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 40,000; |
| (9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000 | Rs. 23,000 <i>plus</i> 70 per cent. of the amount by which the total income exceeds Rs. 60,000; |
| (10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000 | Rs. 37,000 <i>plus</i> 75 per cent. of the amount by which the total income exceeds Rs. 80,000; |
| (11) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000 | Rs. 52,000 <i>plus</i> 80 per cent. of the amount by which the total income exceeds Rs. 1,00,000; |
| (12) where the total income exceeds Rs. 2,00,000 | Rs. 1,32,000 <i>plus</i> 85 per cent. of the amount by which the total income exceeds Rs. 2,00,000; |

Provided that for the purposes of this Paragraph, in the case of a Hindu undivided family which at any time during the previous year satisfies either of the following two conditions, namely:—

- (a) that it has at least two members entitled to claim partition who are not less than eighteen years of age, or
- (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family,—
 - (i) no income-tax shall be payable on a total income not exceeding Rs. 7,000;
 - (ii) where the total income exceeds Rs. 7,000 but does not exceed Rs. 7,660, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 7,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.”;

- (2) in Paragraph C, the following *Explanation* shall be inserted at the end, namely:—

Explanation.—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.’;

(ii) in Part III,—

(1) in the opening portion, after the words ‘as the case may be, “advance tax”, the brackets, words and figures ‘(not being “advance tax” in respect of any income chargeable to tax under section 164 of the Income-tax Act at the rate of sixty-five per cent.)’ shall be inserted;

(2) in Paragraph A, for the figures “1971” occurring in the proviso, the figures “1972” shall be substituted.

(3) in Paragraph C, the following *Explanation* shall be inserted at the end, namely:—

Explanation.—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.’

Special duties of customs.

3. (1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), or in that Schedule as amended from time to time, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a special duty of customs equal to 10 per cent. of such amount: 32 of 1934.

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 4 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1972, except as respects things done or omitted to be done before 10 of 1897. such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

Regulatory duties of customs.

4. (1) With a view to regulating or bringing greater economy in imports, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Tariff Act, or in that Schedule as amended from time to time, a regulatory duty of customs not exceeding—

(a) 25 per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A, or sub-section (1) of section 4, of the Tariff Act; or

(b) 10 per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962,

32 of 1962

whichever is higher:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

10 of 1897.

(2) Sub-section (1) shall come into force on the 16th day of May, 1971, and cease to have effect after the 15th day of May, 1972, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

52 of 1962.

(3) The regulatory duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962.

52 of 1962.

(4) The provisions of the Customs Act, 1962, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

5. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1971", the figures "1972" shall be substituted.

Amendment of
Act 1 of
1949.

1 of 1944.

6. (1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central Excises and Salt Act, 1944, as amended from time to time (hereinafter referred to as the Central Excises Act) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected—

Special
duties of
excise on
certain
goods.

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23A except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, a special duty of excise equal to 10 per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items 1, II(2) and II(3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) and (4) of Item No. 34 and sub-items II(1) and II(2) of Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in sub-item II(1) of Item No. 4 and Items Nos. 18, 18A(1), 18B, 20, 29A, 33A and sub-items (2) and (3) of Item No. 34 of that Schedule, a special duty of excise equal to 33 1/3 per cent. of the total amount so chargeable on such goods.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1972, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

Regula-
duties of
excise.

7. (1) With a view to regulating or bringing greater economy in consumption, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Central Excises Act, a regulatory duty of excise which shall not exceed 15 per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall come into force on the 16th day of May, 1971, and cease to have effect after the 15th day of May, 1972, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

Discontinu-
ance of
salt duty.

8. For the year beginning on the 1st day of April, 1971, no duty under the Central Excises Act or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

*Declaration under the Provisional Collection of
Taxes Act, 1931*

It is hereby declared that it is expedient in the public interest that the provisions of clause 3, clause 5 and clause 6 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

STATEMENT OF OBJECTS AND REASONS

The object of this short Bill is to continue the existing tax structure for the financial year 1971-72, subject to certain modifications in relation to income-tax.

2. Clause 2 of the Bill deals with income-tax. The rates of income-tax and surcharges which were specified in Part III of the First Schedule to the Finance Act, 1970, for the purpose of deduction of tax at source from salaries during the financial year 1970-71, for computing the "advance tax" payable during that financial year in relation to current incomes, and for certain special purposes, are proposed to be continued for the purpose of assessments for the assessment year 1971-72. Further, the same rates are proposed to be continued also for the purpose of deduction of tax at source from salaries during the financial year 1971-72, for computing the "advance tax" payable during that financial year on current incomes, and also for the said special purposes. Accordingly, clause 2 of the Bill proposes to apply to the financial year 1971-72, the provisions of section 2 of, and the First Schedule to, the Finance Act, 1970, with consequential modifications and certain other modifications which have become necessary as a result of the amendments made in 1970 to section 164 and section 183 of the Income-tax Act. The modifications proposed as a result of these amendments are the following:—

(i) Sub-section (3) of section 2 of the Finance Act, 1970, is being substituted by a new sub-section (3) so as to make it clear that in cases to which Chapter XII or section 164 of the Income-tax Act applies, the tax chargeable for the assessment year 1971-72 shall be determined as provided in that Chapter or that section and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

(ii) A proviso is proposed to be inserted at the end of sub-section (5) of section 2 of the Finance Act, 1970, so as to make it clear that in respect of any income which is chargeable to tax under section 164 of the Income-tax Act at the rate of 65 per cent., "advance tax" payable during the financial year 1971-72 shall be computed at the said rate of 65 per cent. instead of the rates specified in Part III of the First Schedule to the Finance Act, 1970. A consequential change is also being made in the opening portion of Part III of the First Schedule to the Finance Act, 1970.

(iii) An Explanation is being added at the end of Paragraph C of Part I as well as of Part III of the First Schedule to the Finance Act, 1970, so as to make it clear that income-tax and surcharges at the rates specified in that Paragraph will be chargeable also in the case of an unregistered firm assessed as a registered firm under section 183(b) of the Income-tax Act.

The modifications at (i) and (ii) above are proposed in the context of the amendment of section 164 of the Income-tax Act by the Finance Act, 1970, for charging tax on the income of a discretionary trust at the flat rate of 65 per cent. or at the rate which would have been applicable if such income were the total income of an association of persons, whichever is higher. The modification at (iii) above is proposed in the context of the amendment of section 183(b) of the Income-tax Act, by the Taxation Laws (Amendment) Act, 1970, under which an unregistered firm may be assessed as a registered firm and subjected to the tax chargeable on registered firms at the rates specified in Paragraph C and its partners charged to tax on their respective shares in the total income of the firm, where this course is beneficial to the revenue.

3. Clauses 3, 4, 5, 6, 7 and 8 deal with indirect taxes and are on the same lines as sections 29, 30, 31, 33, 34 and 36, respectively, of the Finance Act, 1970.

Clause 3 seeks to levy up to the 31st March, 1972, a special duty of customs.

Clause 4 seeks to provide for levy of regulatory duties of customs up to the 15th May, 1972, on a flexible basis within the specified ceiling rates, for regulating or bringing greater economy in imports.

Clause 5 seeks to continue for another year the provisions of the Indian Tariff (Amendment) Act, 1949.

Clause 6 seeks to continue up to the 31st March, 1972 the existing special duties of excise.

Clause 7 seeks to provide for levy of regulatory duties of excise up to the 15th May, 1972, on a flexible basis within the specified ceiling rate, for regulating or bringing greater economy in consumption.

Clause 8 provides that salt shall be duty free for another year.

NEW DELHI;

Y. B. CHAVAN.

The 24th March, 1971.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND
274 OF THE CONSTITUTION OF INDIA

(Copy of letter No. F.3(30)-B/71, dated the 24th March, 1971 from
Shri Y. B. Chavan, Minister of Finance to the Secretary, Lok Sabha.)

The President, having been informed of the subject matter of the proposed Bill, recommends under article 117(1) and (3) read with article 274(1) of the Constitution of India, the introduction of the Finance Bill, 1971 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 24th March, 1971.

FINANCIAL MEMORANDUM

As this Bill seeks to continue the existing tax structure for the financial year 1971-72, subject to certain modifications in relation to income-tax, the Bill if enacted and brought into operation would not involve any additional expenditure from the Consolidated Fund of India.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4 of the Bill enables the Central Government to levy by notification a regulatory duty of customs at such rate as may be specified in the notification, but subject to the maximum laid down in the said clause. This power will be exercised with a view to regulating or bringing greater economy in imports. Similarly, clause 7 of the Bill enables the Central Government to levy by notification a regulatory duty of excise at such rate as may be specified in the notification, but subject to the maximum laid down in the said clause. This power will be exercised with a view to regulating or bringing greater economy in consumption. The exercise of the powers conferred by clauses 4 and 7 will depend upon the circumstances prevailing at the time of the notification. It is not possible to visualise at this stage what those circumstances would be. It is accordingly felt that power in this regard should vest in the Central Government. Having regard to the circumstances under which powers under clauses 4 and 7 will be exercised by the Central Government, the powers delegated to it are of a normal character.

S. L. SHAKDHER,
Secretary.

